

SOUTH KITSAP SCHOOL DISTRICT No. 402
Kitsap County, Washington
September 1, 1992 Through August 31, 1993

Schedule Of Federal Findings

1. Only Allowable Costs Should Be Charged To Federal Programs

The following unallowable costs were charged by the district to its major federal programs:

- a. Payroll costs totaling \$571 plus benefits were charged to the Chapter 1 program (CFDA 84.010) for a one day field trip to Victoria, a 0.8 day field trip to Wolf Haven, and three days at 0.5 FTE for teaching a regular second grade class.
- b. Payroll costs totaling \$7 plus benefits were charged to the Handicapped program, (CFDA 84.027) for 45 minutes of HIV training for an aid where the majority of time worked was as a playground aid rather than a handicapped aid.
- c. A school principal, vice principal, and dean of students attended a three day Model Schools conference. Of the three days, approximately 1.5 hours were spent in a seminar on handicapped related topics. However, the entire \$900 of the conference registration was charged to the Handicapped program (CFDA 84.027).

The "Common Rule" for *Uniform Administrative Requirements for Grants and Cooperative Agreement with State and Local Governments* ("Common Rule") and OMB Circular A-87, "Cost Principles," established federal requirements for documentation and allowability of costs chargeable to federal grant programs. Among those requirements are:

- a. Grantee financial management systems shall provide for records that identify adequately the source and application of funds for grant supported activities ("Common Rule", Subpart C, 20[b][2]).
- b. Amounts charged to grant programs for personal services will be based on payrolls supported by time and attendance or equivalent records for individual employees (OMB Circular A-87).
- c. Meetings and conferences. Costs are allowable when the primary purpose of the meeting is the dissemination of technical information relating to the grant program and they are consistent with regular practices followed for other activities of the grantee (OMB Circular A-87).

These conditions resulted because the departments failed to make adjustments to the payroll system for time spent on nongrant activities and because the voucher was approved and coded without an understanding of the restrictions of the handicapped grant. As a result, \$1,478 was inappropriately charged to the above federal programs. We have included the \$1,478 of unallowable charges in the accompanying Schedule of Questioned

Costs.

We recommend the district:

- a. Charge each federal grant only its allowable costs.
- b. Resolve the \$1,478 of questioned costs with the Superintendent of Public Instruction.